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MARKET MALL SHOPPING CENTRE
CALGARY, ALBERTA

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Woodward's annual report

FOR THE FISCAL YEAR ENDED JANUARY 31, 1971



**MARKET MALL SHOPPING CENTRE
CALGARY, ALBERTA
OPENING AUGUST, 1971**



Woodward's modern department store, the second Woodward Store to open in Calgary, and fifteenth in the chain, will be located in the Market Mall Shopping Centre, with 53 other tenants and the Hudson Bay Company. The two Department Stores will be separated by an enclosed 6,500 square foot node, called the Village Square. The Centre, at 32nd Avenue and Shaganappi Trail, in north west Calgary, occupies a 62 acre site of which Woodward's will occupy 278,000 square feet. The two floor department store will occupy approximately 203,000 square feet, and will feature a variety of quality merchandise and a high standard of service, which has been so instrumental in the success of the company. This total layout is unique in that the Department Store and the Food Store are contiguous, separated only by a beautifully illuminated mall. The Food Floor, occupying 37,000 square feet, will feature an unexcelled variety for which Woodward's is famous. Woodward's 21,500 square foot self-service Bargain Store will feature budget merchandise for the family and the home. The entrance will be off the South Street mall. Adjacent trucking and service areas for the Food Floor and Bargain Store occupy 4,500 square feet. The ample parking area will provide parking for 3,500 cars, and customers can have their cars serviced, while they shop, in Woodward's 12,000 square foot modern Auto Centre. This Service Station will feature displays and selling areas for tires, batteries and a wide selection of auto accessories.

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OFFICERS

CHARLES NAMBY WYNN WOODWARD
Chairman of the Board

GEORGE DENNISON GLANVILLE
President

THOMAS RAYMOND FARRELL
Executive Vice-President

THOMAS KENNETH CAMPBELL
Vice-President

CHARLES REGINALD CLARRIDGE
Vice-President

HAROLD LESLIE JOY
Vice-President

WALTER GORDON SKINNER, F.C.A.
Vice-President and Secretary

RUTH WYNN WOODWARD
Vice-President

GORDON ALEXANDER ANDERSON
Assistant Secretary

TRANSFER AGENTS

WOODWARD STORES LIMITED
Vancouver, B.C.

MONTREAL TRUST COMPANY
Toronto, Ontario; Montreal, Quebec; Edmonton, Alberta

HEAD OFFICE

101 West Hastings Street, Vancouver 3, B.C.

	1971	1970	% INCREASE (DECREASE)
1970,	\$ 290,492,320	\$ 281,221,930	3.30
	\$ 7,271,448	\$ 7,386,001	(1.55)
	\$ 1.12	\$ 1.14	(1.75)
	\$ 3,568,087	\$ 3,373,464	5.77
	\$.55	\$.52	5.77
	\$ 49,103,911	\$ 51,552,135	(4.75)
	\$ 73,633,360	\$ 69,855,149	5.41
	\$11.10	\$10.54	5.31

DIRECTORS' REPORT TO THE SHAREHOLDERS

Operations

The year of this report has been one of uncertainty in business. Economic conditions have adversely affected many industries and businesses, including that of your Company. However, the financial statements show that our results are much better than average and we continue to gain in strength and in shareholders' equity. We are very pleased that net profit for the year before extraordinary items is only reduced by 1.55% from the previous year.

The Southgate Shopping Centre in south Edmonton, Alberta, in which your Company has a 60% interest, was opened on August 12, 1970. We also have a complete store operation located there consisting of a department store, complete food floor and service station. This is the second largest of the fourteen stores. Both the Centre and the store are achieving very satisfactory results.

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Expansion

As was reported to you last year, your Company will be a major tenant in the Market Mall Shopping Centre in north Calgary, Alberta, which is scheduled to open in August, 1971. We will operate a department store, complete food floor and service station. This is a large tenancy, being approximately the same size as our Oakridge Centre stores in Vancouver, B.C., and our Chinook Centre stores in Calgary, Alberta. A report on this new venture is given on the front cover fold.

Construction has just started on a second parking garage for the use of customers of the downtown Vancouver, B.C. store. A report on this expansion is also given on the front fold.

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Project 200

Your Company's interest in Project 200 Investments Limited ("Investments") and Project 200 Properties Limited ("Properties") was stated in the last financial report. "Investments" is constructing a 30 storey office tower complete with underground parking and with an adjoining financial and retail mall to contain banking premises, restaurants, retail stores and service establishments. Your Company holds 23% of the issued shares of "Investments" and will hold 18 3/4 % of the issued shares of "Properties". At January 31, 1971 your Company's total investment in these two companies was \$1,399,325.

The Edmonton Centre Limited

Announcement has just been made, in Edmonton, Alberta, of this new venture. In excess of 200,000 square feet of land in the main business area are to be acquired by this company in which your Company has a 30% interest. In stages, over a period of years, this company will construct, first, a department store (including a food floor) for Woodward's, together with an office tower and a parking garage; second, a banking hall with provision for a second office tower; subsequently a shopping concourse and other office towers. This new department store will contain twice as much space as the present store which will be demolished when the new store is available for occupancy. The banking hall will be built on the site of the present store. Although planning has just begun, the opening of the new department store is tentatively set for the fall of 1973. This is an exciting venture and the complex, when completed some years from now, will be an asset to the City of Edmonton as well as to your Company.

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Financing

Your Company is not considering any financing at this time. We continue to examine money market trends because Southgate Shopping Centre Limited is presently financed by its shareholders. They are prepared to arrange long-term financing at an appropriate time so that shareholders' loans can be repaid while leaving Southgate with adequate funds for its future needs.

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Your thanks and the thanks of management are extended to the staff for a job well done. Their efforts in anticipating and filling the needs of customers make the operations a success. Our thanks too, to the customers who have availed themselves of our services.

Respectfully submitted,

March 25, 1971.

 Woodward's

Chairman of the Board.

**WOODWARD'S 1971
GARAGE ADDITION AND RETAIL COMPLEX
DOWNTOWN STORE**



For over 40 years Woodward's has kept pace with the times by providing the best possible parking facilities for their customers' convenience.

1930—Woodward's built their first parking garage, complete with a tunnel under Cordova Street for shoppers' access to or exit from the store. This complex was the first of its kind in any Canadian Department Store.

1957—Woodward's demolished the 1930 structure to make way for a modern 850 car self-parking garage, complete with skywalk, for easy access to and from the store.

1971—A new addition will be added to the present self-parking garage. This expansion will accommodate an additional 600 cars, increasing the total parking to approximately 1,450 cars. This new complex includes 9,000 square feet of access and sales area over Cordova Street at the third floor department store level, connecting directly with the two parking areas. Passenger elevators will be installed at the north end of the new garage walk-way to service the parking area and Water Street Boutiques. There will be additional car entrance, and exit, on Water Street, with overpasses over the lane between the new and existing garage. Our customers will be able to enter, or exit, on Water Street or Cordova Street. The Parcel Depot will be enlarged and the exit will be on Cordova Street, as at present. This new addition, in its entirety, has been designed to bring the utmost in shopping convenience to Woodward's customers.



WOODWARD STORES LIMITED and subsidiary companies

DIRECTORS

CHARLES NAMBY WYNN WOODWARD*
 FREDERICK BLAKE BARKER
 RONALD NEVILLE BLIGH
 THOMAS KENNETH CAMPBELL*
 CHARLES REGINALD CLARRIDGE*
 DONALD ALAN ECKSTEIN
 THOMAS RAYMOND FARRELL*
 MARCO GANDOSSI
 GEORGE DENNISON GLANVILLE*
 LESLIE GEORGE HULL
 HAROLD LESLIE JOY*
 G. W. MACLAREN
 ARTHUR F. MAYNE
 JOHN OXLEY MOXON
 LEWIS GEORGE PHIPPS
 GEORGE MALLAM RENNIE
 AIDAN ROBINSON
 WALTER GORDON SKINNER, F.C.A.*
 ROBERT ARTHUR WHITE
 RUTH WYNN WOODWARD

*Member of Executive Committee

AUDITORS

DELOITTE, HASKINS & SELLS,
Chartered Accountants, Vancouver, B.C.

REGISTRAR

WOODWARD STORES LIMITED
 Vancouver, B.C.

OFFICERS

CHARLES NAMBY WYNN WOODWARD
Chairman of the Board
 GEORGE DENNISON GLANVILLE
President
 THOMAS RAYMOND FARRELL
Executive Vice-President
 THOMAS KENNETH CAMPBELL
Vice-President
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Vice-President
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 Vancouver, B.C.
 MONTREAL TRUST COMPANY
 Toronto, Ontario; Montreal, Quebec; Edmonton, Alberta

HEAD OFFICE

101 West Hastings Street, Vancouver 3, B.C.

HIGHLIGHTS OF THE YEAR

FOR THE YEAR ENDED JANUARY 31st

	1971	1970	% INCREASE (DECREASE)
Sales including service charges	\$290,492,320	\$281,221,930	3.30
Net income, excluding extraordinary income item in 1970, and after income taxes	\$ 7,271,448	\$ 7,386,001	(1.55)
Net earnings per share excluding extraordinary income item in 1970	\$ 1.12	\$ 1.14	(1.75)
Dividends paid	\$ 3,568,087	\$ 3,373,464	5.77
Dividends per Class A share	\$.55	\$.52	5.77

AT JANUARY 31st

Working capital	\$ 49,103,911	\$ 51,552,135	(4.75)
Shareholders' equity	\$ 73,633,360	\$ 69,855,149	5.41
Equity of each no par value share	\$11.10	\$10.54	5.31



WOODWARD STORES LIMITED and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED JANUARY 31, 1971 (with 1970 figures for comparison)

OPERATING REVENUE:

	1971	1970
Sales including service charges	\$290,492,320	\$281,221,930
Rental revenue — gross	1,306,444	1,217,384
Total operating revenue	<u>291,798,764</u>	<u>282,439,314</u>

COSTS AND EXPENSES:

Cost of merchandise sold and all other expenses except those listed hereunder	217,295,401	211,123,579
Wages, salaries, commissions and bonuses	52,399,232	49,272,934
Depreciation	2,954,025	2,664,417
Interest on funded indebtedness	1,739,962	1,394,497
Payments to profit sharing and retirement funds	3,200,106	3,422,544
Total costs and expenses	<u>277,588,726</u>	<u>267,877,971</u>

OPERATING INCOME

..... 14,210,038 14,561,343

OTHER INCOME

..... 630,814 614,610

SOUTHGATE SHOPPING CENTRE LIMITED—SHARE OF NET INCOME (LOSS)

..... 33,946 (48,652)

INCOME BEFORE PROVISION FOR INCOME TAXES

..... 14,874,798 15,127,301

PROVISION FOR INCOME TAXES

..... 7,603,350 7,741,300

INCOME BEFORE EXTRAORDINARY ITEM

..... 7,271,448 7,386,001

EXTRAORDINARY ITEM:

Gain on disposal of a warehouse	—	66,816
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NET INCOME FOR THE YEAR

..... \$ 7,271,448 \$ 7,452,817

Net earnings per share before extraordinary item

..... \$ 1.12 \$ 1.14

Fully diluted earnings per share (note 10)



WOODWARD STORES LIMITED and subsidiary companies

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED JANUARY 31, 1971**

(with 1970 figures for comparison)

	1971	1970
RETAINED EARNINGS AT BEGINNING OF THE YEAR	\$ 45,419,140	\$ 41,286,342
ADD:		
Net income for the year	7,271,448	7,452,817
Discount earned on redemption of debentures	59,088	53,445
	52,749,676	48,792,604
DEDUCT:		
Cash dividends — Class A shares	2,581,964	2,441,130
Share dividends — Class B shares (including taxes related thereto 1971 — \$147,918; 1970 — \$139,850)	986,123	932,334
	3,568,087	3,373,464
RETAINED EARNINGS AT END OF THE YEAR	\$ 49,181,589	\$ 45,419,140

**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED JANUARY 31, 1971**

(with 1970 figures for comparison)

	1971	1970
FUNDS PROVIDED:		
Net income for the year	\$ 7,271,448	\$ 7,452,817
Deduct gain on disposal of fixed assets	33,661	69,623
	7,237,787	7,383,194
Depreciation	2,954,025	2,664,417
Provision for deferred income taxes	325,000	125,000
Deferred charges absorbed	266,244	134,250
	10,783,056	10,306,861
Total funds provided from operations	55,777	586,781
Proceeds from disposal of fixed assets		
Issue of convertible sinking fund debentures		
1969 series (net of discount)	—	9,800,000
Special refundable tax	—	60,058
	10,838,833	20,753,700
FUNDS APPLIED:		
Additions to fixed assets	4,423,955	2,614,806
Reduction in funded indebtedness	850,000	1,150,000
Dividends (including redemption of share dividends)	3,431,912	3,199,529
Investments in and advances to associated companies	583,800	493,980
Increase in equity in Southgate Shopping Centre Limited	3,513,946	3,626,348
Additions to deferred charges	483,444	—
	13,287,057	11,084,663
(DECREASE) INCREASE IN WORKING CAPITAL FOR THE YEAR	(2,448,224)	9,669,037
WORKING CAPITAL AT BEGINNING OF THE YEAR	51,552,135	41,883,098
WORKING CAPITAL AT END OF THE YEAR	\$ 49,103,911	\$ 51,552,135

The accompanying notes are an integral part of the financial statements.



WOODWARD STORES LIMITED and subsidiary companies

(Under the Companies Act, British Columbia)

ASSETS

CURRENT ASSETS:

Cash	\$ 3,784,639
Marketable securities — at cost (market value 1971 — \$4,208,529; 1970 — \$10,066,166)	1,417,155
Accounts receivable, less allowance for doubtful accounts	26,269,097
Merchandise inventories, valued at lower of cost or market	40,190,939
Prepaid expenses	543,433
Total current assets	<u>72,205,263</u>

1971	1970
\$ 3,784,639	\$ 3,348,899
1,417,155	7,438,354
26,269,097	26,253,089
40,190,939	34,958,835
543,433	468,840
<u>72,205,263</u>	<u>72,468,017</u>
13,315,488	7,458,911

SOUTHGATE SHOPPING CENTRE LIMITED (Note 2)

FIXED ASSETS (Note 3):

Buildings and improvements	38,789,723
Fixtures and equipment	28,238,687
Less accumulated depreciation	<u>67,028,410</u>
Land	29,960,180
Net fixed assets	<u>37,068,230</u>
	8,295,108
	<u>45,363,338</u>

38,586,448	24,324,636
28,238,687	62,911,084
67,028,410	27,075,655
29,960,180	35,835,429
37,068,230	8,200,508
8,295,108	44,035,937
<u>45,363,338</u>	

OTHER ASSETS:

Investments in and advances to associated companies	1,399,330
Unamortized debenture expense	185,833
Mortgages and deferred charges	341,970
Total other assets	<u>1,927,133</u>

815,530	195,833
185,833	55,682
341,970	1,067,045
<u>1,927,133</u>	

APPROVED BY THE BOARD:

C. N. WOODWARD, *Director*

W. G. SKINNER, *Director*

TOTAL

\$132,811,222

\$125,029,910

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1971

(with 1970 figures for comparison)

LIABILITIES

CURRENT LIABILITIES:

Bank indebtedness	\$ 5,415,478
Accounts payable and accrued liabilities	16,488,408
Funded indebtedness due within one year (Note 4)	591,000
Income taxes payable	606,466
 Total current liabilities	 23,101,352
 FUNDED INDEBTEDNESS (Note 4)	 27,921,000
 DEFERRED INCOME TAXES (Note 5)	 2,350,000
 MINORITY INTEREST IN SOUTHGATE SHOPPING CENTRE LIMITED (Note 2)	 5,805,510
 Total liabilities	 59,177,862

1971	1970
\$ 5,415,478	\$ 3,991,805
16,488,408	15,585,972
591,000	560,000
606,466	778,105
 23,101,352	 20,915,882
 27,921,000	 28,771,000
 2,350,000	 2,025,000
 5,805,510	 3,462,879
 59,177,862	 55,174,761

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 6):

Authorized:

600,000 4½ % non-cumulative preference shares,
par value \$5 each, redeemable at par
8,503,300 Class A shares, no par value
1,796,700 Class B shares, no par value

Issued and fully paid:

326,112 Preference shares (1970 — 298,877 shares)	1,630,560
4,694,480 Class A shares	11,736,200
1,792,950 Class B shares	4,482,375

CONTRIBUTED SURPLUS (no transactions during the year)	4,595,953
 SURPLUS RESULTING FROM RESTATEMENT OF CERTAIN FIXED ASSETS (Note 7)	 2,006,683

RETAINED EARNINGS

Total shareholders' equity	73,633,360
 TOTAL	 \$132,811,222

TOTAL	\$125,029,910
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The accompanying notes are an integral part of the financial statements.

WOODWARD STORES LIMITED and subsidiary companies

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of the company and all wholly-owned subsidiaries. The company owns 60% of the outstanding shares of Southgate Shopping Centre Limited, and the balance of the shares are held by Hudson's Bay Company. Under the terms of a joint venture agreement between the company and Hudson's Bay Company, all major decisions require joint approval. Accordingly, the company does not have effective control over Southgate Shopping Centre Limited. The company's equity in Southgate is shown on the consolidated balance sheet of the company at January 31, 1971, and the company's share of net income is shown on the consolidated statement of income for the year then ended.

The company's equity value in Southgate is as follows:

	January 31	1971	1970
Capital and long term debt of Southgate:			
Notes and advances	\$14,550,000	\$ 8,750,000	
Share capital outstanding	50	50	
	<u>14,550,050</u>	<u>8,750,050</u>	
Deficit	36,275	92,852	
	<u>14,513,775</u>	<u>8,657,198</u>	
Minority interest—40%	5,805,510	3,462,879	
Company's interest—60%	8,708,265	5,194,319	
Less company's 60% share of the excess of recorded net cost on the sale of land by the company to Southgate in 1969	1,198,287	1,198,287	
Company's equity	<u>\$ 7,509,978</u>	<u>\$ 3,996,032</u>	
Balance sheet presentation:			
Southgate Shopping Centre Limited	\$13,315,488	\$ 7,458,911	
Minority interest in Southgate Shopping Centre Limited	5,805,510	3,462,879	
Company's equity as above	<u>\$ 7,509,978</u>	<u>\$ 3,996,032</u>	

3. VALUATION OF FIXED ASSETS:

Fixed assets are stated at cost except for assets of a net depreciated book value of \$6,120,902 at January 31, 1971, included at appraised values as at January 21, 1952, as reported by General Appraisal Company Limited. Accumulated depreciation includes \$2,287,851 which has been transferred from the surplus resulting from this restatement of fixed assets.

	Maturity	January 31	1971	1970
4½ % First Mortgage Sinking Fund Bonds Series B with annual sinking fund requirements of \$560,000	April 1, 1975	\$ 2,880,000	\$ 3,440,000	
5% Sinking Fund Debentures 1957 Series	Jan. 15, 1977	49,000	49,000	
5% Sinking Fund Debentures 1958 Series with annual sinking fund requirements of \$200,000	May 15, 1978	2,431,000	2,523,000	
6½ % Debentures Series A, Woodward Acceptance Company Limited	Dec. 15, 1980	5,000,000	5,000,000	
5¾ % Sinking Fund Debentures 1965 Series with annual sinking fund requirements of \$400,000 to 1977 and \$500,000 thereafter	June 15, 1985	8,152,000	8,319,000	
6¾ % Convertible Sinking Fund Debentures 1969 Series with annual sinking fund requirements of sums sufficient to retire on September 1, in each of the years 1980 to 1988 inclusive, 5% of the principal amount outstanding on September 1, 1979	Sept. 1, 1989	<u>10,000,000</u>	<u>10,000,000</u>	
		28,512,000	29,331,000	
Less instalments due within one year shown as current liabilities		<u>591,000</u>	<u>560,000</u>	
		<u>\$27,921,000</u>	<u>\$28,771,000</u>	

The Trust Indentures, pursuant to which the First Mortgage Bonds and the Debentures of the Company have been issued, contain certain restrictive covenants concerning the payment of dividends. At January 31, 1971, the consolidated net current assets were approximately \$29,000,000 in excess of the requirement under the most restrictive of such covenants, and the consolidated retained earnings free of restrictions were approximated \$24,000,000.

5. DEFERRED INCOME TAXES:

The Company and its subsidiaries have recorded deferred income taxes with respect to capital cost allowances claimed for tax purposes in excess of depreciation recorded in the books and with respect to the timing difference of the write off of certain store opening costs. In respect of allowances for doubtful accounts, the opposite situation exists in that the allowances accumulated in the books materially exceed the amounts allowed for income tax purposes, and the Company and its subsidiaries have made no adjustments of the deferred income tax liability with respect thereto. Such an adjustment would reduce the deferred income tax liability and increase retained earnings by approximately \$500,000 to January 31, 1971, of which \$5,000 and \$30,000 would have increased the net income of the years ended January 31, 1971 and 1970 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, JANUARY 31, 1971

6. SHARE CAPITAL:

- (a) Changes in share capital during the year:
167,625 preference shares, par value \$838,125 were issued as a share dividend; 140,390 preference shares were redeemed at par, \$701,950.
- (b) 500,000 Class A shares are reserved to meet in full the conversion rights of the holders of the 6 3/4 % Convertible Sinking Fund Debentures 1969 series.

7. SURPLUS RESULTING FROM RESTATEMENT OF CERTAIN FIXED ASSETS:

	1971	1970
Excess resulting from revaluation of fixed assets referred to in Note 3 less amounts transferred to accumulated depreciation (amount transferred during each of the years ended January 31, 1971 and 1970—\$120,413)	\$4,244,055	\$4,364,468
Net excess of cost of acquiring shares in subsidiaries over book value of net assets at dates of acquisition	<u>2,237,372</u>	<u>2,237,372</u>
	<u>\$2,006,683</u>	<u>\$2,127,096</u>

8. STATUTORY INFORMATION:

The total remuneration received as a director, officer or employee of the Company and its subsidiaries by those who were directors of the Company during the year ended January 31, 1971 was \$767,642 (1970—\$735,821).

9. CONTINGENT LIABILITIES AND COMMITMENTS:

- (a) There are major leasehold interests in shopping centres and a warehouse on which the aggregate minimum annual rentals are approximately \$2,800,000 (exclusive of taxes and other expenses payable by the lessee). Except for the warehouse and the store in Southgate Shopping Centre, each lease has a percent-of-sales clause. Taking into account renewal clauses contained in every lease, the earliest expiry date is the year 2000.
- (b) The estimated unfunded liability with respect to the employees' pension plan is \$7,627,000 which will be amortized and absorbed against income over 19 years. The total pension expense charged against income in respect of the employees' pension plan for the year amounted to \$1,268,900.
- (c) As at January 31, 1971, the company held 23% of the outstanding share capital of Project 200 Investments Limited, a company engaged in the construction of an office tower and plaza complex, estimated to cost \$18,500,000. Of this total, \$2,500,000 has been provided by the shareholders of Project 200 Investments Limited (the company's share approximates \$670,000) and the balance of \$16,000,000 is being arranged through long-term financing. So that Project 200 Investments Limited will be assured of sufficient funds to complete the construction, the shareholders, under the terms of an agreement presently being negotiated, will be required to jointly and severally covenant that they will make available such funds as may become necessary to pay for such completion and to meet all payments of interest and principal on all indebtedness of Project 200 Investments Limited falling due prior to the completion of construction.
- (d) As at January 31, 1971, the company held 30% of the outstanding share capital of The Edmonton Centre Limited, a company formed for the development of certain down-town Edmonton properties. Interim financing has been arranged in the amount of \$5,000,000. The Company's share of the guarantee with respect thereto is \$1,500,000.

10. FULLY – DILUTED EARNINGS PER SHARE:

If it were assumed that all of the 6 3/4 % Convertible Sinking Fund Debentures 1969 series outstanding at January 31, 1971 had been converted into Class A shares as of February 1, 1970, the earnings per share for 1971 would have been \$1.09. The comparable earnings per share before extraordinary items of income for 1970 would have been \$1.12. For purposes of calculating the fully diluted earnings per share, the earnings applicable to Class A and B shares have been increased by \$328,000 being the interest, after income taxes, on the debentures and the number of Class A shares adjusted to reflect the additional 500,000 shares that would have been outstanding after the assumed conversion.

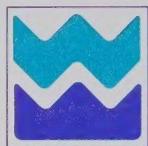
11. RECLASSIFICATION OF COMPARATIVE FIGURES:

Certain of the 1970 figures have been reclassified to conform with the classifications used in 1971.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Woodward Stores Limited and its subsidiary companies as at January 31, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As to Southgate Shopping Centre Limited and the information referred to in Note 2 to the financial statements, we have relied on the report of other Chartered Accountants on their examination of the financial statements of that Company for the year ended January 31, 1971.

In our opinion, based on our examination and the report of other Chartered Accountants referred to above, these consolidated financial statements present fairly the financial position of the Companies as at January 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



WOODWARD STORES LIMITED and subsidiary companies

	1971	1970	1969
<i>Net Sales, Including Service Charges</i>	\$290,492,320	\$281,221,930	\$257,703,431
<i>Wages, Salaries, Commissions and Bonuses</i>	52,399,232	49,272,934	44,343,314
<i>Provision for Depreciation Charged to Operations</i>	2,954,025	2,664,417	2,953,491
<i>Interest on Funded Indebtedness</i>	1,739,962	1,394,497	1,183,004
<i>Payments to Profit Sharing and Retirement Funds</i>	3,200,106	3,422,544	2,904,771
<i>Provision for Income Taxes</i>	7,603,350	7,741,300	7,108,072
<i>Net Income (*Excluding Extraordinary Items of Income)</i>	7,271,448	* 7,386,001	* 6,721,890
<i>Net Earnings per Share Excluding Extraordinary Items</i>	\$ 1.12	\$ 1.14	\$ 1.04
<i>Dividends per Class A Share</i>	.55	.52	.40
<i>Working Capital (Current Assets less Current Liabilities)</i>	\$ 49,103,911	\$ 51,552,135	\$ 41,883,098
<i>Ratio of Current Assets to Current Liabilities</i>	3.13	3.46	2.60
<i>Fixed Assets less Depreciation Provided</i>	\$ 45,363,338	\$ 44,035,937	\$ 44,723,119
<i>Total Assets</i>	132,811,222	125,029,910	113,778,019
<i>Funded and Similar Indebtedness</i>	27,921,000	28,771,000	19,921,000
<i>Shareholders' Equity</i>	\$ 73,633,360	\$ 69,855,149	\$ 65,668,829
<i>Preference Shares Outstanding</i>	1,630,560	1,494,385	1,320,450
<i>Equity of Voting Shares</i>	72,002,800	68,360,764	64,348,379
<i>Equity of Each No Par Value Share</i>	11.10	10.54	9.91

COMPARATIVE RECORD — Years ended January 31

1968	1967	1966	1965	1964	1963	1962
\$233,704,646	\$204,963,060	\$181,162,210	\$163,510,197	\$146,820,035	\$137,043,587	\$128,641,218
39,691,653	34,473,999	30,069,198	26,890,940	24,065,565	22,455,447	21,802,630
2,682,705	2,321,583	1,888,809	1,597,969	1,380,432	1,293,724	1,275,966
1,250,282	1,325,250	1,167,650	810,451	889,757	935,699	971,765
1,854,003	1,203,564	836,920	717,800	831,107	885,558	491,341
6,026,385	5,365,875	4,592,567	4,017,797	3,905,502	3,514,735	2,995,138
5,995,546	5,423,543	4,975,056	4,474,174	4,215,661	3,796,555	3,126,015
\$.92	\$.84	\$.77	\$.69	\$.68	\$.63	\$.52
.40½	.37½	.35	.35	.30	.25	.20
\$ 37,586,995	\$ 33,885,127	\$ 36,175,266	\$ 31,494,873	\$ 32,521,548	\$ 33,963,925	\$ 30,317,855
2.51	2.41	2.97	2.86	3.31	3.70	3.80
\$ 45,093,704	\$ 45,978,259	\$ 41,956,373	\$ 34,643,471	\$ 30,306,438	\$ 26,958,330	\$ 27,770,576
108,540,681	105,676,538	97,377,276	83,602,840	77,156,609	73,852,932	70,331,957
21,474,000	22,797,000	23,672,000	14,473,000	15,271,000	16,967,000	17,874,485
\$ 60,429,170	\$ 57,065,881	\$ 53,982,741	\$ 51,270,771	\$ 47,144,980	\$ 43,697,077	\$ 41,179,773
1,191,180	1,107,180	1,069,000	973,560	820,855	641,410	595,600
59,237,990	55,958,701	52,913,741	50,297,211	46,324,125	43,055,667	40,584,173
9.13	8.63	8.18	7.78	7.45	7.12	6.71

THE WONDERFUL WORLD OF



Woodward's

BRITISH COLUMBIA

PACIFIC
OCEAN

PORT ALBERNI
Port Alberni

MAYFAIR
Victoria

PARKWOOD
Prince
George

KAMLOOPS
Kamloops

PARK ROYAL
DOWNTOWN
OAKRIDGE
NEW WESTMINSTER
GUILDFORD
Greater Vancouver

ALBERTA

NORTHGATE
DOWNTOWN
WESTMOUNT
SOUTHGATE
Edmonton

MARKET MALL
CHINOOK
Calgary

Western Canada's Favourite Shopping Centres

1892	DOWNTOWN STORE <i>Vancouver, B.C.</i>	1955	WESTMOUNT CENTRE <i>Edmonton, Alberta</i>	1965	NORTHGATE CENTRE <i>Edmonton, Alberta</i>
1926	DOWNTOWN STORE <i>Edmonton, Alberta</i>	1959	OAKRIDGE CENTRE <i>Vancouver, B.C.</i>	1966	GUILDFORD CENTRE <i>Surrey, B.C.</i>
1948	PORT ALBERNI STORE <i>Vancouver Island, B.C.</i>	1960	CHINOOK CENTRE <i>Calgary, Alberta</i>	1966	PARKWOOD CENTRE <i>Prince George, B.C.</i>
1950	PARK ROYAL CENTRE <i>West Vancouver, B.C.</i>	1963	MAYFAIR CENTRE <i>Victoria, B.C.</i>	1970	SOUTHGATE CENTRE <i>Edmonton, Alberta</i>
1954	NEW WESTMINSTER STORE <i>New Westminster, B.C.</i>	1964	KAMLOOPS STORE <i>Kamloops, B.C.</i>	1971	MARKET MALL <i>Calgary, Alberta</i>